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AN ANTHROPOLOGIST'S APPROACH TO ECONOMIC AID

by Richard W. Patch

La Paz
October 1961

The following letter was written to the Director of the International Monetary Fund Mission in Bolivia at his request. It is published as an American Universities Field Staff Report representing the personal opinion of the author. It does not represent the opinions or plans of the International Monetary Fund nor of the Director of its Mission in Bolivia.

Mr. Richard W. Richardson
Director, International Monetary
Fund Mission in Bolivia
La Paz, Bolivia

Dear Mr. Richardson:

The question you have asked me to answer is the basic question of that branch of applied anthropology which is attempting to put problems of economic development in human terms. You ask me what an anthropologist can say to you, an economist, which would be of practical help in the planning--in which you play a large part--of the material betterment of the standard of living in Bolivia.

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ARD W. PATCH, the author of this
is an anthropologist who has made
irs of Latin America the subject of
earch and writing since 1951. Cur-
ngaged in his sixth field trip to the
area, Dr. Patch is based in La Paz
a series of Reports.
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From our conversations I have gathered that you are well aware of the shortcomings of classic economic theory and even of the new theories which borrow from sociologists and anthropologists for the understanding of how to attain self-sustaining growth in an economy such as that of Bolivia. You know and I know that monetary stabilization, budget support, and a sugar refinery in Santa Cruz are fine things and a credit to the policies of the International Monetary Fund and the United States Operations Mission in Bolivia. You also know as well as I that these programs have not stimulated a rate of growth which would permit Bolivia to become a stable country. Now, once again, the United States has changed its mind and decided that Bolivia is a good investment for aid funds. The problem as we both see it is what to do with money which will become available, so that it will not disappear with as little visible trace as the aid which has been given to Bolivia in the last ten years.

The first point which should be made--one with which I am sure you would agree--is that it is essential to abandon the set of expectations which accompany the assumption that Bolivia will behave as a Western European country. You, your associates, and the personnel of the United States Operations Mission are too sophisticated to make this assumption in gross terms. But it is only natural that you, who have spent many years in the search for and teaching of universal economic regularities, should be impressed with the similarities of Bolivia and the countries which were the models of these "universal" regularities. At least you must be more impressed in this sense than an anthropologist who disregards the forms of structure in the search for basic social differences and likenesses.

Bolivia's fundamental structure--social, political, and economic--was destroyed in the revolution of 1952. It was destroyed more completely than most people realize or are willing to admit. Many forms have been retained: there is still a class of landowners, many government ministries are the same, and the monetary unit is still (for the moment) the boliviano. But the class of landowners is no longer that of the absentee lord of a latifundium; now the ministries of government instead of governing, are governed by the workers; and the boliviano which was once interchangeable with the pound must be multiplied two hundred times to purchase a penny box of matches. Until 1952 Bolivia could be treated as a feudal province, dominated by the mineowners whose income exceeded the national budget, and populated predominantly by Indian-language speakers, who were considered scarcely human, much less a subject of concern for their economic welfare. Now the mineowners are gone, and much as the remaining gente bien of La Paz close their eyes, the overwhelming fact in Bolivia is the emergence, the numbers, the influence, and the future of the miners and peasants. Bolivia can no longer be governed nor aided as a nineteenth-century Latin oligarchy. Far less can it be governed or aided as if it had a Western European tradition of a middle class. Rather, Bolivia is one of the very few countries in the world where an impoverished mass has truly and effectively come to citizenship and power without turning to totalitarianism. The result is a tremendous challenge to the intelligent administration of aid.

The kernel of the challenge lies in the limited "trickle-down" from aid to, and investment in, large national enterprises such as the Bolivian Mining Corporation (COMIBOL), the petroleum agency (YPFB), the railroads, and many other state and private examples. Partly this is because, as you have pointed out, a large and not very attractive investment must be made simply to compensate for and halt the existing decapitalization of these enterprises through lack of depreciation allowances and inadequate maintenance. There is a structural reason for such practices--the government uses these methods to produce goods at artificially low prices in its own enterprises (and through pressure on private corporations) because it is too weak to impose higher prices to force the mass of population to curtail further its already low rate of consumption. Thus investment, instead of markedly increasing productivity and increasing the distributive share available to labor, tends merely to offset industrial decapitalization.

Another purely economic reason for the small reward to labor from the total operation of the economy is the relative abundance of labor and the relative scarcity of entrepreneurs. Great investment can be made in national enterprises, but the rewards accrue to a few men who have the initiative, the political connections, and the collusive agreements to control the distribution of the proceeds. They believe their risks are great enough to justify a high reward. Meanwhile the labor force, in which unemployment and underemployment is the rule, must compete for positions in a way that preserves the Iron Law as a contemporary reality in Bolivia.

These are but two of many examples of intervening economic mechanisms which come between investment on a national scale and an increased distributive share to labor. Another dimension of intervening mechanisms could be added--the political. Government intervention in the railroads, and its refusal to allow an increase in rates sufficient to compensate for depreciation, has meant that an initially large investment is now approaching worthlessness.

But you asked me for an opinion in social terms, and the matters I have mentioned thus far are more familiar to you than to me. I describe them here to point out that the economic and political dimensions emphasize, rather than otherwise, the social problems of a development which is designed to be meaningful to the mass of people. You yourself stated my position in "Economic Development: Concepts and Meaning," when you noted the shortcomings of even per-capita income as a measure of material well-being--"its failure to take into account costs and sacrifice in terms of human effort and natural resources, its overly aggregative character in measuring total output rather than consumption or levels of living, and its disregard of the distributive aspects of personal income . . . ."[1] With reason did Jacob Viner turn in desperation to a definition of economic progress as "an absolute reduction in the number of people living in conditions of crushing poverty."

[1] Bernard Okun and Richard W. Richardson; Studies in Economic Development; Holt, Rinehart & Winston; New York, 1961, p. 234.

The people of Bolivia who live in crushing poverty are not normally in a position to benefit from large-scale national enterprises, and their cultural patterns inhibit the translation of investments in such enterprises to Rostow's stage of "the take-off into self-sustaining growth" benefiting a mass of population. Sixty per cent of Bolivia's people have only in the last ten years changed their status from self-deprecating Indian to relatively self-confident campesino. They still speak Quechua or Aymará, although they are eager to learn Spanish. Maize is still planted with invocations to the Incaic Pachamama, many still use the taclla, or foot plow, which was ancient centuries before Pizarro drew his line on the Island of Gallo. They appear to remain attached to their hereditary plots of land in a way which is delightful to Bolivian romantic writers. There still exists a group, the Charasani, in which the men speak a different formal language of their own, not permitted to women. The use of the Spanish ceremonial kinship system (compadrazco) does not disguise the ancient origin of the celebration of a child's first hair cutting (quitañaqui and other names). The campesino still prefers the native maize beer to aguardiente after 400 years of grape and sugar cultivation in Bolivia. The campesino is no longer the inscrutable Red Man caricatured by James Oliver Curwood; but neither is he Smith's or Ricardo's Economic Man, ready to put down the taclla for a crescent wrench in return for $30 a month in La Paz.

It has been the labor of many writers in many books to abstract out of such a total culture, different from the Western, those factors which stimulate or retard their assumption of Western characteristics and particularly their acceptance of and participation in a Western technology and economy. Nearly all the writing has been one of two kinds: either highly general and universalistic, drawing from such distant fields as Gestalt psychology; or extremely limited, and confined to observations of changes and attitudes within a single community. Both approaches have drawbacks when the unit being considered is a nation, especially in a nation of such diversity as Bolivia, and when the problem is an eminently practical one.

This is not the place to enter into a treatise of social and cultural factors affecting the economic development of the nation of Bolivia. Some limited studies have been done, many more are needed. It would be false to say that comprehensive observations of this sort have been made, and it would be misleading to present you with a set of conclusions as if the observations had been made and examined. So I must present you with something that may be quite different from what you are seeking.

Rather than give you a list of noneconomic factors which you must consider in programing aid, I, as an anthropologist, will put to you the more general, but I think basic, proposition that any effective aid for Bolivia must have two distinct but complementary ends in view. One is the traditional investment in such national enterprises as COMIBOL, YPFB, the railroads, airlines, highways, budget support until it can be phased out; and the credits for manufacturing, processing, and marketing which seem to end in only a few hands but which

contribute to foreign exchange earnings, to the GNP, and to other measurements of the economy's national performance. Few persons, and least of all I, would dispute that this is a valid and necessary objective of assistance.

The other objective of aid must be a much more direct investment in the human resources of the country. This would mean decentralization, the elimination of avoidable intervening mechanisms, emphasis on personnel, stimulation of self-help, and--above all--avoiding the bureaucracies of the capital in favor of the localities of the mass of population. This is the objective and the level with which anthropologists and others have experimented with most successfully. Elsewhere I have called it the "project approach."[2] It is opposed in philosophy to the usual procedure of the United States Operations Mission in which much aid is channeled through nationwide services: the Agricultural Service, the Public Health Service, the Education Service, and the Highways Service; each linked to a government ministry and each attempting a rather uniform program (with regional modifications, of course) throughout the nation. A project approach, on the other hand, would select 20, or 50, or 500 communities and would send a person or persons to become a part of each of the communities for the length of time necessary to learn its felt wants: a school, a sanitary post, a teacher, a physician, housing, the clearing of irrigation channels, a diesel generator, a better barley seed, insecticide for potatoes, a breed bull, the grading of an access road, a tractor, a football field, a cinema, an electric cross for the church, or a potable water supply. He should then learn the resources of the community: natural; labor; individuals who would contribute money or material; and organizations, existing or capable of being formed, which would collaborate in decisions, share responsibilities, help direct the combination of local resources and outside aid toward mutually agreed goals, and remain afterward with an impression of the potentialities of mutual endeavor. The observer and co-ordinator from the outside would study the economic potential, or the lack of it, in the community. He would decide which of the felt needs were deep enough to merit consideration. He would recommend an appropriation to a budget officer, but would largely depend on his own considerable knowledge of the community for decisions concerning the priorities of health, education, agriculture, small industries if the potential exists, encouragement for resettlement if there appears to be gross overpopulation, and any other areas evidencing the possibility of material betterment or improved welfare in the community. He would be on the spot to administer a supervised credit plan and to secure the temporary services of technicians when needed for special problems in agriculture, irrigation, construction, or health. He would gradually change his role from organizer to consultant, and when his community collaborators become sufficiently experienced and active would remove himself entirely, providing for only occasional visits.

There are several advantages to the plan. It does not assume detailed

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[2] Richard W. Patch, "Bolivia: U.S. Assistance in a Revolutionary Setting," in Social Change in Latin America Today, published for the Council on Foreign Relations by Harper & Brothers, New York, 1960.

ethnographic knowledge which does not exist. It assumes instead that a person with anthropological training, or sensitivity, could acquire important parts of this knowledge if he spent a respectable amount of time continuously in the community. Mistakes would be made, but with small commitments and in an experimental context that would facilitate their correction. An irrigation channel might be dug in the Cochabamba valley before the full complexities of water rationing were understood. But this could be corrected more easily than--to take an actual example--the widespread sale of wheat for seed by the Agricultural Service which, through a mistake in harvesting, was a mixture of varieties maturing at different times. But many mistakes could be avoided--a loan to X for the installation of a generating plant would have to be carefully considered and controlled if it were known that he had accepted the position of mayordomo of the fiesta of the Virgin of Mercy which might well exhaust his past and future savings for several years. But with care aid could be channeled to the roots of the economy, and even reach people who hardly participate in the economy at all. A community sheep dip would cost little; smallpox vaccinations could be given if talks and demonstrations overcame fear of the needle; control of poultry epidemics would increase the supply of chickens which the campesinos are now beginning to eat themselves rather than market all they grow, and thus contribute protein to a diet in which it is seriously deficient.

One of the greatest opportunities is in the co-operative construction of schools. The social emancipation which resulted from the revolution of 1952 awakened the campesinos to routes of mobility in which their children might become something more than campesinos. The main route to which they look is an elementary education where, above all, the children can learn to speak, read, and write Spanish. Such literacy is a fundamental social distinction, and to achieve it many communities have already constructed school buildings with their own labor and materials. The Government has agreed to furnish the teachers, but some communities have not waited but have hired their own profesores. Assistance to a need which is so deeply felt could have exponential results.

Experience with successful community programs of this sort, such as the project in applied anthropology at Vicos, Peru, shows they may not only become self-sustaining, but also they have a tendency to duplicate themselves.[3] In the years I was associated with Vicos, an impressive number of delegations from communities in all parts of Peru made the difficult journey to Vicos to see for themselves the results of an agricultural improvement program, a school built co-operatively from adobes made on the site, a sanitary post, a pure water supply, and a co-operative credit program. Many wanted help to do the same for themselves, but unfortunately the limited resources and personnel of the project did not allow it. However, Vicos has become a permanent part of the aspirations of indigenous communities in Peru. In Bolivia, where a

[3] See Allan R. Holmberg, "Changing Community Attitudes and Values in Peru: A Case Study in Guided Change," in op. cit.; and Richard W. Patch, "An Hacienda Becomes a Community," American Universities Field Staff, New York, October 1957.

revolution has greatly increased the expectations of campesinos, at least as favorable a climate must exist.

A subsidiary advantage, but not one to be ignored, is the unparalleled amount of information which could be collected about changes, blocks, and incentives in rural communities of a developing nation. This would be an opportunity to transform isolated observations into a comparative and national picture which should be of the greatest interest to students of Latin American development.

Thus far I have not touched on what may be the main problem in such an approach. Let us say that 50 communities in representative parts of the country are chosen as showing possibilities of benefiting on this low but important level. Who are the organizer-observers who will go into them? My suggestion--after ten years of watching Point IV operations in Peru and Bolivia, United Nations teams, many United States university experiments, the Maryknoll Fathers, CARE, a Peace Corps representative, Catholic Relief, and many other agencies and individuals intent on understanding and helping the Andean underprivileged--is that a large and relatively ignored resource in the United States should be tapped. I am thinking of the many hundreds of graduate students in anthropology, economics, sociology, rural sociology, geography, agronomy, linguistics, human relations, political science, and other disciplines who have been stirred by the United States' awakening to the rest of the world and who are eager to know ways alien to their own. You may believe I exaggerate the desire of students to go abroad, and I agree it would have been an exaggeration ten or perhaps even five years ago. But I have had the peculiar opportunity in the United States of lecturing at eleven universities (the corporate members of the American Universities Field Staff) and of coming in close contact with a larger number of students than is the lot of the usual university professor. The universities span the continent from Rhode Island to California and beyond to Hawaii, and from Minnesota to Louisiana. On my last lecture tour in 1959 and 1960 I was pleasantly surprised at the interest of students in Latin America and in Bolivia. Many hoped to come to Latin America to do research for a thesis, not a few to Bolivia. When they asked me of ways and means I had the unhappy task of listing the very few fellowships available for work in Latin America. They were disappointed.

You may also doubt the competence of students to undertake the work outlined above. This doubt I can reassure only with caution, and ask you to compare their performance and prospects with the majority of well-paid and supposedly competent men brought to Bolivia by, say, the United Nations. The latter are men with specialized training, often with little facility in Spanish, and beyond the age when they can acquire it easily. They have families, responsibilities, and sometimes health problems which would make it a sacrifice to spend any major length of time in distant rural communities. The graduate students I saw living and working in the rural areas of Peru and Bolivia, on the other hand, acclimated well, established good relations with their neighbors,

rapidly perfected their Spanish, and sometimes picked up the rudiments of Quechua or Aymará. They often made a contribution to the community quite apart from their thesis work. A student anthropologist in Huailas, Peru, organized the installation of a drinking water system. A student geographer in Peru helped plan roads to pierce the jungle. A graduate student in human resources in Bolivia is studying problems in the colonization of virgin areas and will make recommendations to the Government. Vicos was predominantly staffed by graduate students. They often had little to work with, but did much with what they had. And most of those students who have worked in the Andean area become permanently attached to the area, returning again and again.

This, in fact, is a secondary reason for giving a large number of graduate students the opportunity to come to the area. A major weakness of assistance in the Andean countries (as in so many other regions) is a shortage of United States personnel. There simply are very few people in the United States who have knowledge of, or interest in, the area. Looking toward the future there may be no better investment in improving relations with these countries than by forming a body of young men who have a firsthand and intensive knowledge of the countries and their problems.

There is no reason for confining thinking and recruiting to graduate students. They are simply an organized group of good potential within which recruiting would be easier than in less organized groups. Other possibilities exist and they should be considered.

It is possible that recruitment could be accomplished within the framework of the Peace Corps, or in a similar manner. But it would be preferable for many reasons to preserve an academic frame of reference in the entire operation. The main reason would be to ease the establishment of relations both with the Bolivian Government and with the people of the villages to which the men would eventually be sent. The respect in Bolivia accorded university and academic enterprises seems quite extraordinary to the North American who associates students with freshman caps and sophomores piling into telephone booths. North American students are a rarity in Bolivia, they are highly regarded, and this regard would greatly smooth their relations with government ministries and with the people of the communities. For this reason, and whatever the relations of the students to the Peace Corps, it would be well to have them under university sponsorship. The stipends given the students should also be on the scale and in the style of fellowships, to emphasize their responsibility for observing and reporting.

The proposed Point IV- and Bolivian Government-sponsored study of social factors making for the success or failure of resettlement in the underpopulated areas provides a model for the administration of the approach proposed here. Financial responsibility would remain in the hands of Point IV, possibly in the Office of Special Projects. The operation of the program would be in the hands of one or two professional United States anthropologists who

would not be stationed in La Paz, but who would spend their time in the field checking the work of the men in charge of local projects. These directors would prepare a general plan for submission to the United States Operations Mission in Bolivia and to the appropriate ministries of the Bolivian Government for their joint approval. Their work would be "in collaboration with," but not under the direct supervision of the ministries. The form of the agreement would make the plan a joint United States and Bolivian venture.

All of this is probably not what you bargained for. You asked me for some general comments, I have given you a specific proposal. My general comments are in the chapter I wrote for the Council on Foreign Relations book, and you have heard, as well as I, the criticism of the article that it is a nice analysis, but it does not offer solutions. There it was not my purpose to offer solutions, but if you are interested, the approach outlined here is what I had in mind, and I still feel it is one practical way to attack a very difficult problem.

Eventually the specific experiences may yield a better statement of the generalities for which both of us are searching. It may be that in 45 out of 50 communities traditional attachment to land is so strong that virtually no money wages will attract the campesinos from their fields and flocks. But the people of five communities might be impressively mobile, for example making an annual journey to northern Argentina to cut sugar cane.

We know that campesinos are supposed to be rooted to their plots of land, but we are faced with the paradox that campesinos make long trips on foot and by truck to barter a sack of potatoes for a basket of chile peppers--for an almost invisible economic advantage. The Aymará-speaking campesinos of the high western plateau are reported to be the most sedentary, taciturn, and reactionary of all the population groups of Bolivia, but we are faced with the fact that they are emigrating into the Yungas and Alto Beni almost as fast as penetration roads are opened. Now Aymará is incongruously spoken in the tropics of Caranavi. It would be a brave man, or a foolish one, who, at this stage of our knowledge, would try to explain the why of the apparent contradiction. It is not impossible to find the explanation, and it is important to find it if we are to understand how a society changes from an immobile, feudal, agricultural system to one with the geographical and social mobility which make an industrial society possible. I propose that the answer to this question be sought, and that it be sought in the most fruitful context possible: in communities where the material resources for change are made available, on a scale comprehensible to an individual, and observed by an individual capable of understanding them. This would be a product of a new dimension of United States aid which would attempt to maximize economic development in terms of welfare without minimizing the kind of economic development which is measured in terms of Gross National Product.

Sincerely yours,

Richard W. Patch

Richard W. Patch

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